

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 NSA-01 PA-01 PRS-01 FEA-01
ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00
EB-08 FPC-01 H-01 INR-07 INT-05 L-03 NSC-05 OMB-01
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00
ACDA-07 /117 W

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R 161713Z FEB 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2821

INFO AMEMBASSY BONN

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E.O. 11652: NA

TAGS: ENRG, IT, IEA

SUBJECT: SOME ITALIAN THINKING ON THE INTERNATIONAL ENERGY
AGENCY (IEA)

REF: ROME 1594

SUMMARY: FEBRUARY 3 ROUNDTABLE FEATURING IEA OFFICE DIRECTOR
FOR OIL MARKET DEVELOPMENT VITTORIO UGO RISTAGNO PROVIDED
OPPORTUNITY TO GET IEA'S MESSAGE TO HIGH-LEVEL AUDIENCE OF 350-400
BUT MOSTLY GAVE AUTHORITATIVE PANEL AND AUDIENCE A CHANCE TO
SOUND OFF ON IEA (AND US) SHORTCOMINGS AS PERCEIVED BY ITALIANS.
MAJOR PROBLEM IMPEDING PROGRESS IN ALTERNATIVE ENERGY DEVELOPMENT
WAS SEEN AS LACK OF POLITICAL LEADERSHIP. ALSO DISCUSSED WERE
POSSIBLE FUTURE PROGRAMS AND ITALIAN DOMESTIC ENERGY PROGRAM.
ROUNDTABLE INDICATED ITALY STILL LOOKS TO THE CONSUMING-COUNTRIES...
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THOUGH WITHOUT MUCH OPTIMISM. END SUMMARY.

1. FEBRUARY 3 ROUNDTABLE SPONSORED BY STATE-OWNED HYDROCARBONS
AGENCY ENI DREW HIGH-LEVEL AUDIENCE (INCLUDING PRESIDENTS AND/OR
MANAGING DIRECTORS OF MAJOR OIL COMPANIES, NATIONAL ELECTRICITY
AUTHORITY AND OTHER MEMBERS OF ITALY'S ENERGY ESTABLISHMENT) TO
HEAR AUTHORITATIVE PANEL (RISTAGNO (OP. CIT.),

MINISTRY OF FOREIGN AFFAIRS ENERGY COORDINATOR MIGLIUOLO, MINISTRY OF INDUSTRY DIRECTOR GENERAL FOR ENERGY RESOURCES AMMASSARI, ENI'S DIRECTOR FOR THE 5-YEAR PLAN SFLIGIOTTI, AND CHAMBER OF DEPUTIES INDUSTRY COMMITTEE PRESIDENT FORTUNA) DISCUSS THE PROS AND CONS OF IEA AND OIL CONSUMING COUNTRY COOPERATION MORE GENERALLY. WHILE PANEL MOSTLY AGREED WITH RISTAGNO THAT CONSUMER COOPERATION HAD COME A LONG WAY SINCE THE DARK DAYS OF THE WINTER OF 1973-74, ALL TOOK THE OPPORTUNITY TO HIGHLIGHT SHORTCOMINGS OF IEA--AND US. IN DOING SO, PANEL PARTICIPANTS ILLUMINATED SOME OF THE MOTICES AND REASONING UNDERLYING GOI RESPONSE TO MULTILATERAL ENERGY POLICY INITIATIVES.

2. MAJOR IEA SHORTCOMINGS WERE LAID TO LACK OF POLITICAL LEADERSHIP. MIGLIUOLO ARGUED THAT DESPITE KEY IEA ROLE IN ASSURING SUPPLY SECURITY, GOALS OF OIL DEPENDENCY REDUCTION AND MARKET TRANSPARENCY WERE JEOPARDIZED BY LACK OF POLITICAL WILLPOWER. STRONGEST COUNTRIES, MIGLIUOLO CONTINUED, MUST LEAD ALSO BY EXAMPLE, MAKING SACRIFICES TO REDUCE THEIR OWN OIL CONSUMPTION, AND BY AIDING THE WORST-OFF COUNTRIES TO RESOLVE PROBLEMS ASSOCIATED WITH URANIUM SUPPLY, FINANCING OF ALTERNATE ENERGY SOURCES AND PROTECTION OF THE ENVIRONMENT. INABILITY TO GET COORDINATED, COHERENT ENERGY PROGRAMS UNDERWAY, DOMESTICALLY IN MAJOR CONSUMING COUNTRIES OR MULTILATERALLY, WERE CITED AS MAJOR HANDICAPS BY OTHER PANEL MEMBERS. QUESTIONS FROM AUDIENCE (PUT MOSTLY BY JOURNALISTS) WERE MORE EXPLICIT, LAID MOST OF BLAME ON US AND TENDED TO REFLECT DISILLUSIONMENT WITH IEA ACCOMPLISHMENTS. PANEL READILY ACKNOWLEDGED THAT US RESPONSE TO DATE WAS FAR BEHIND EFFORTS OF MOST OTHER IEA MEMBERS, EITHER IN PERCENTAGE OR ABSOLUTE TERMS. HOWEVER, NEGATIVE IMPRESSION BALANCED TO SOME EXTENT BY LIMITED OFFICIAL USE

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EXPLANATION THAT US (AS WELL AS FRG AND JAPAN) HAD BEEN IN MIDST OF POLITICAL CAMPAING (AND BY EXTENSION, LITTLE COULD BE EXPECTED) AND BY MIGLIUOLO'S NOTING CANADO'S CONSTITUTIONAL INABILITY TO CONCEDE NON-DISCRIMINATORY ACCESS TO ENERGY SUPPLIES AND UK AND NORWEGIAN RELUCTANCE TO SHARE NORTH SEA OIL. QUESTIONING OF US INTENTIONS (E.G. ALLEGED US UNWILLING TO FURTHER CONSUMER COOPERATION BECAUSE OF ADVANTAGE DERIVED FROM OIL PRICE RISES) AND OF ITALIAN PARTICIPATION IN IEA FINALLY LED MIGLIUOLO TO DECLARE FIRMLY THAT ITALY WAS COMMITTED TO CONSUMER COUNTRY COOPERATION AND THAT IT WOULD SOON RATIFY THE INTERNATIONAL ENERGY PROGRAM. HE UNDERLINED ITALY'S INTENTIONS TO PLAY ACTIVE ROLE IN EC TOWARDS DEVELOPMENT OF AN EUROPEAN ENERGY PROGRAM AND IN CIEC.

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3. FUTURE IEA INITIATIVES IDENTIFIED DURING ROUNDTABLE REFLECTED LONG-HELD GOI THEMES RE AID FOR ALTERNATIVE ENERGY DEVELOPMENT PROGRAMS AND MARKET TRANSPARENCY. AMMASSARI TOOK LEAD IN CALLING FOR IEA TO REALIZE GOAL OF INCREASED MARKET TRANSPARENCY (RISTAGNO HAD EMPHASIZED IEA ACCOMPLISHMENTS TO DATE IN THIS AREA, CITING INCREASED INFORMATION FLOW AVAILABLE TO MEMBER GOVERNMENTS), MAINTAINING THAT CURRENT ARRANGEMENTS STILL ALLOWED INTERNATIONAL COMPANIES TOO MUCH ROOM FOR MANEUVER AND TOO MUCH POWER IN ACTIVATION OF EMERGENCY-SHARING PROGRAM. CONCEPT OF IEA RESPONSIBILITY TO GRANT CONCRETE AID FOR ALTERNATIVE ENERGY PROGRAMS IN MEMBER COUNTRIES (READ FINANCIAL SUPPORT FOR ITALY'S NUCLEAR ENERGY PROGRAM) EXTENDED BY AMMASSARI TO INCLUDE SUPPORT TO ENERGY-INTENSIVE INDUSTRIES ENDANGERED BY OIL PRICE RISE. SFLIGIOTTI CALLED FOR PROGRAMS TO PROVIDE INCENTIVES FOR COMPANY INVESTMENTS IN ALTERNATIVE ENERGY SOURCES AND SAID THAT WHILE MINIMUM SAFEGUARD PRICE FOR OIL WAS NECESSARY AND PERHAPS IMPORTANT,
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DIRECT ASSISTANCE WOULD PRODUCE MUCH GREATER RESULTS. ALSO IN INDUSTRIAL AREA, AMMASSARI DEPOLORED DISTORTION IN INDUSTRIAL COMPETITIVENESS CAUSED BY DIFFERENCES IN PETROLEUM PRODUCT PRICES AMONG IEA MEMBER COUNTRIES. SPEAKING PERSONALLY, AMMASSARI SUGGESTED THAT LOWER PRODUCT COSTS ENJOYED BY US INDUSTRY CONSTITUTED "UNFAIR ADVANTAGE" AND THAT IEA SHOULD SEEK TO DO SOMETHING ABOUT

IT.

4. PANELISTS AGREED THAT SOUND INTERNATIONAL ACTION RESTED ON DOMESTIC PROGRAMS AND, IN VARIOUS WAYS, CALLED FOR IMMEDIATE ACTION ON ITALIAN ENERGY PROGRAM. FORTUNA, WHOSE COMMITTEE IN THE CHAMBER OF DEPUTIES IS RE-DRAFTING THE ITALIAN ENERGY PROGRAM, INDICATED THAT THE PARLIAMENTARY DEBATE ON THE PROGRAM WOULD BE SCHEDULED FOR MARCH, AFTER WHICH IMPLEMENTATION COULD IMMEDIATELY BEGIN. FORTUNA FURTHER REVEALED THAT THE DRAFT PROGRAM (A) REDUCED THE TOTAL SIZE OF THE NUCLEAR PROGRAM (FROM THE 1975 GOI VERSION) TO 12,000 MW (FROM 20,000 MW), TO BE ORDERED IN THREE TRANCHES OF 4,000 MW EACH; (B) PROVIDED FOR MORE RESEARCH MONEY IN ALTERNATIVE ENERGY SOURCES; ESPECIALLY SOLAR ENERGY; (C) GRAPPLED MORE CONCRETELY WITH THE FINANCING PROBLEM; AND (D) IMPROVED PROVISIONS FOR ENERGY PLANNING. FORTUNA ALSO SAID THAT NEW PLAN WOULD GIVE STRONG BACKING TO ITALIAN PARTICIPATION IN EURODIF AND COREDIF URANIUM ENRICHMENT PROJECTS.

5. COMMENT: SIZE AND QUALITY OF AUDIENCE REVEALED CONSIDERABLE INTEREST IN SUBJECT OF ITALIAN PARTICIPATION IN CONSUMER COOPERATION AND, TO EMBASSY'S KNOWLEDGE, THIS WAS FIRST SUCH EFFORT TO EXPLAIN IEA AND TO ENCOURAGE PUBLIC INTEREST IN MULTILATERAL ENERGY INITIATIVES. AUDIENCE REACTION TO PANELISTS' PRESENTATIONS SEEMED BY-AND-LARGE FAVORABLE EVEN IF QUESTIONING REVEALED CONSIDERABLE SKEPTICISM RE POTENTIAL BENEFITS AND EVEN SOME HOSTILITY TO GOI PARTICIPATION IN THE IEA. WE WOULD ADD THAT PANEL PARTICIPANTS

HAVE EXPRESSED GREATER-OR-LESSER DEGREES OF SKEPTICISM TO EMBASSY OFFICERS IN PRIVATE CONVERSATIONS RE BENEFITS TO ITALY FROM ITS IEA PARTICIPATION. GOI PANELISTS DID NOT USE OCCASION TO SURFACE LIMITED OFFICIAL USE

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NEW GOI POLICY VIS-A-VIS IEA BUT WERE CONTENT TO RESTATE POSITIONS LONG ADVANCED BY GOI IN IEA ELSEWHERE. FORTUNA'S INDICATION GOI NUCLEAR PROGRAM WOULD BE REDUCED IN SCOPE IS CONSISTENT WITH REPORTS MADE PUBLICLY AND PRIVATELY (SEE REFTTEL - NOTAL). PRESS COVERAGE WAS MODEST.BEAUDRY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
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